



Illinois Department of Revenue 2012 Schedule UB/NLD Unitary Illinois Net Loss Deduction

For Illinois net losses arising in tax years ending on or after December 31, 1986.

Carry year ending

Month Year
IL Attachment No. 6

Attach to your Form IL-1120, or Form IL-1120-X.

Write your name as shown on your tax return.

Write your federal employer identification number (FEIN).

Note This schedule is for use only in tax years ending on or after December 31, 2012, and before December 31, 2014. For other years, use the schedule for that year.

"Carry year" is the year to which the loss is being carried.

Step 1: Identify your members

- Write the name of each unitary member that is carrying a loss.
- Write the FEIN of each unitary member.

Step 2: Figure your earliest loss year amount

	A	B	C	D	E Combined Totals
3 Write the year of your loss that expires first.					3
4 Write the combined net income before this Illinois NLD.					4 .00
5 Write each member's loss for the year.	.00	.00	.00	.00	5 .00
6 Write the lesser of Col E, Line 4, or Col. E, Line 5.					6 .00
7 If this is the earliest loss year write \$100,000. Otherwise, see instructions.					7 .00
8 Write the lesser of Col. E, Line 6, or Col. E, Line 7.					8 .00
9 Subtract Col. E, Line 8 from Col. E, Line 7. If this amount is zero, you have reached the NLD limitation for this carry year, see instructions.					9 .00
10 Net income after this Illinois NLD. Subtract Col. E, Line 8 from Line 4.					10 .00
11 Subtract Col. E, Line 8 from Col. E, Line 5. See instructions.					11 .00
12 Write the percentage of total loss. See instructions.					12
13 Unused loss. See instructions.	.00	.00	.00	.00	13 .00
14 Write the year of loss that expires next.					14
15 Write the amount from Line 10.					15 .00
16 Write the loss amount for the year on Line 14.	.00	.00	.00	.00	16 .00
17 Write the lesser of Col E, Line 15, or Col. E, Line 16.					17 .00
18 Write the amount from Col. E, Line 9.					18 .00
19 Write the lesser of Col. E, Line 17, or Col. E, Line 18.					19 .00
20 Subtract Col. E, Line 19 from Col. E, Line 18. If this amount is zero, you have reached the NLD limitation for this carry year, see instructions.					20 .00
21 Net income after this Illinois NLD. Subtract Col. E, Line 19 from Line 15.					21 .00
22 Subtract Col. E, Line 19 from Col. E, Line 16. See instructions.					22 .00
23 Write the percentage of total loss. See instructions.					23
24 Unused loss. See instructions.	.00	.00	.00	.00	24 .00

Step 3: Figure your total deduction and taxable income. (Please read the specific instructions before completing.)

25 Write the combined net income from Step 2, Column E, Line 4.	25 .00
26 Write the Illinois net loss deduction claimed from Step 2, Column E, Lines 8 and 19. This amount may not exceed \$100,000.	26 .00
27 Subtract Line 26 from Line 25. This is your taxable income after NLD.	27 .00

Schedule UB/NLD Instructions

For Illinois net losses arising in tax years ending on or after December 31, 1986.

General Information

What is new for 2012?

- This schedule has been redesigned for the tax year ending December 31, 2012. If you are filing Schedule UB/NLD for tax years ending before December 31, 2012, you cannot use this schedule. For prior years, use the schedule for that year.
- The Illinois net loss deduction (NLD) allowed on this schedule may not exceed \$100,000 for tax years ending on or after December 31, 2012, and before December 31, 2014. See the specific instructions for Steps 2 and 3 for more information.
- If you are required to reduce your available NLD due to discharge of indebtedness, see "Discharge of Indebtedness Income Worksheet and Instructions" on Page 4.

When must I use this schedule?

You must use this schedule to claim an Illinois net loss carryforward deduction on an original or amended combined Illinois income tax return filed by a unitary business group for tax years ending on or after December 31, 2012.

Note Do not complete this schedule if you have an Illinois net loss this year before subtracting any Illinois net loss carryovers.

What is the purpose of this schedule?

The purpose of the Schedule UB/NLD is to calculate

- the total amount of unitary Illinois net loss available for deduction on a combined return by a unitary business group in a year;
- the amount deducted on the combined return; and
- the amount of any loss allocable to each member of the unitary business group and available to carry over to any separate member, filed by that member, for a later tax year or to the combined return of any unitary business group that member might join in a later year.

Because earlier versions of the Schedule UB/NLD did not allocate unused losses among members of a unitary business group, whenever a member leaves a unitary business group that has unused Illinois net losses, that member and the combined unitary business group that member belonged to may need to complete a pro forma 2006 version of this Schedule UB/NLD for earlier years. This determines how much of the unused loss may be carried forward by the departed member and how much remains with the combined group.

What are the limitations of the Illinois NLD?

When determining the amount of loss that can be carried forward, do not count

- the taxable years for which the deduction was disallowed by law (tax years ending after December 31, 2010 and before December 31, 2012);
- the taxable years for which the deduction would exceed \$100,000 if not for the NLD limitation (tax years ending on or after December 31, 2012 and before December 31, 2014).

Illinois net losses incurred in tax years **ending on or after December 31, 2003**, may be carried forward up to 12 taxable years. No carryback is allowed.

For tax years **ending on or after December 31, 1999**, and **before December 31, 2003**, all Illinois net losses were required to be carried back two years, then forward 20, unless an election was made to **only** carry the loss forward. The election to carry a loss forward only was

made by checking the appropriate box on the original or amended loss-year return, whichever showed the loss first. Once the election was made to forgo the Illinois carryback provision, the election was irrevocable.

Losses incurred in tax years **ending before December 31, 1999**, could be carried back and carried forward for the periods allowed under IRC Section 172, for the tax year in which the loss was incurred. In general, losses incurred in tax years ending

- after August 5, 1997, and ending before December 31, 1999, must be carried back two years, then forward 20 years.
- on or before August 5, 1997, must be carried back three years, then forward 15 years.

In addition, the special carryover periods in IRC Section 172, as in effect for a particular tax year, would apply to losses incurred in that year. For example, a "specified liability loss" incurred in 1998 may be carried back 10 years under IRC Section 172(b)(1)(c).

Also, no limitations under IRC Section 382, or the separate return limitation year provisions of the federal consolidated return regulations apply to any NLD carryover.

Note Only unused losses incurred in tax years ending on or after August 6, 1997 may be claimed on this schedule. Any unused loss incurred in tax years ending on or before August 5, 1997 have expired and are not available to be claimed on this schedule.

Note If any of the members of your group had discharge of indebtedness income excluded from their federal gross income for any taxable year ending on or after December 31, 2008, and as a result the member was required to reduce a federal net operating loss carryover, you may be required to reduce the Illinois net loss carryovers of that member in calculating your combined net loss deduction. See the instructions for Line 4. Also, if you incurred a combined Illinois net loss for a taxable year in which one or more of your group members had excluded discharge of indebtedness income, you may have been required to reduce the combined Illinois net loss you incurred for that year. This reduction is made on the Illinois income tax return you filed for the loss year. See the appropriate return instructions for your loss year.

What if the membership of my unitary business group has changed since an Illinois net loss was incurred?

If a member has joined the group, any unused Illinois net loss incurred by that member before joining the group may be used by the group in the year the member joined and in subsequent years, up to the maximum number of years (counting both years prior to joining and years subsequent to joining) to which the loss could be carried. Illinois does not follow IRC Section 382, or have any "separate return limitation year" rules.

If a member has left your group since the group incurred an Illinois net loss, any loss allocable to that member that was not used before the member left may be used only by that member or by any unitary business group that it joined after leaving your group. You may need to complete a pro forma Schedule UB, Step 4 (revision date 12/06 or later), for the loss year using a version of Schedule UB/NLD (revision date 12/05 or later, but prior to December 31, 2011) for each carryover year to determine how much of the loss was used before the member left the group.

If a member has acquired an Illinois net loss of another taxpayer under IRC Section 381 (whether or not the other taxpayer was ever a member of your group), that member is entitled to carry forward any unused loss

it acquired to the year of the acquisition and to subsequent years, up to the maximum number of years to which the loss could be carried. Attach a separate schedule to your return showing the name and taxpayer identification number of your member that acquired a loss being claimed on this Schedule UB/NLD, the name and taxpayer identification number from whom the loss was acquired, the year of the acquisition, the tax year in which the loss was incurred, and the amount of unused loss acquired.

What must I attach?

You **must** attach copies of any Schedule UB pro formas, as required in the Specific Instructions, or audit reports reflecting the loss amounts that you are claiming on this schedule. If one of your members has acquired an Illinois net loss incurred by another taxpayer, you must also attach a schedule showing the name and taxpayer identification number of your member that acquired a loss being claimed on this Schedule UB/NLD, the name and taxpayer identification number of the taxpayer from whom the loss was acquired, the year of the acquisition, and the tax year in which the loss was incurred. Failure to do so will result in processing delays.

What if I need additional assistance?

If you need additional assistance,

- visit our website at tax.illinois.gov;
- call our Taxpayer Assistance Division at **1 800 732-8866** or **217 782-3336**;
- call our TDD (telecommunications device for the deaf) at **1 800 544-5304**; or
- write to us at **P.O. Box 19044, Springfield, Illinois 62794-9044**.

Our office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

Specific Instructions

Note → If a specific line is not referenced, follow the instructions on the form.

Step 1: Identify your members

Note → Do not include any taxpayer that was not a member of your combined group at any time during the current tax year, even if it was a member of your combined group during a loss year.

Line 1 — In each Column A, B, C, and D, write the name of each member of your combined group that is carrying a loss into the current tax year.

Line 2 — In each Column A, B, C, and D, write the FEIN of each member you entered on Line 1 in the appropriate column.

Attach additional copies of this schedule if there are more than four members.

If any of these losses were incurred by another entity that later was acquired by a member of your group, write the group member's name and FEIN here and attach the schedule described in the General Instructions for "What must I attach?"

Note → Do not include corporations taxed in the current year as S corporations. Each S corporation must claim its losses on a Schedule NLD attached to its separate return of Form IL-1120-ST. However, if your combined group includes a member that was an S corporation in prior years, but is no longer an S corporation, you may carry unused losses from its S corporation years into this tax year in the same manner as any other corporation's loss.

Step 2: Figure your loss amount

Line 3 — Write the tax year that you incurred an Illinois net loss that is available for carryforward to this year, and that is the first loss that will expire.

Line 4 — In Column E, Combined Totals, write the total amount of combined net income of your combined group from Step 4, Line 10, of the **current tax year's** Schedule UB.

If losses for more than two years are carried into this tax year, attach an additional Schedule UB/NLD and write in Step 2, Column E, Line 4 the amount from Step 2, Column E, Line 21 of this Schedule UB/NLD. Repeat this process until all losses are used or until taxable income in Column E is reduced to zero.

Discharge of Indebtedness Income — If any of the members of your group had discharge of indebtedness income excluded from their federal gross income for any taxable year ending on or after December 31, 2008, and as a result the member was required to reduce a federal net operating loss carryover available to carry into this year, you must reduce your combined Illinois NLD available to carry into this year. Use the worksheet on Page 4 to calculate the amount of reduction. Prepare a separate worksheet for each member of your group with excluded discharge of indebtedness income. If one or more of your combined group members is included on a federal consolidated income tax return for federal income tax purposes, the amount of the reduction to the federal net operating loss carryovers of that member is the amount of the net operating loss carryovers attributable to that member that are reduced under IRC Section 108(b), and Treasury Regulations Section 1.1502-28. For more information, see department regulations, Section 100.2310(c).

Line 5 — In Columns A through D, write the amount of any loss that was incurred by the member in the tax year on Line 3, and that has not been used in a prior year, and write the total amount in Column E.

You may need to complete a pro forma Schedule UB (revision date 12/06 or later) for the tax year to determine the loss incurred by each member of a group in that year, and a pro forma 2006 version of Schedule UB/NLD for each subsequent year, to determine how much of the loss each member has used in those years.

Line 7 — If this is the earliest loss year you are carrying NLD from, write \$100,000 on this line. This amount is your NLD limitation for the carry year.

If losses for more than two years are carried into this carry year, and you have attached an additional Schedule UB/NLD, write the amount from Line 20 of the previously completed Schedule UB/NLD.

Line 9 — If this line is zero you have used the maximum amount of NLD allowable this year and may use no more NLD this carry year. Complete the following lines as applicable.

Line 11 — If this line is zero do not complete Line 12 or Line 13.

Line 12 — In each Column A through D, write the amount from that column on Line 5, divided by the amount in Column E, Line 5. Carry to six decimal places. In Column E, write "1."

Line 13 — Write in Columns A through D, the amount in Column E of Line 11, multiplied by the percentage in Line 12 of the same column. The amount shown in each column is the Illinois net loss of the member that is available to carry to that member's Illinois income tax return for the next tax year.

Note → If you have more losses to deduct, go to Line 14. If you have no more losses to deduct or you have reached the NLD limitation for this carry year, go to Step 3.

Lines 14 through 24 — Complete for the next earliest taxable year in which a loss was incurred that has not previously been used.

Line 14 — Write the tax year in which a member incurred an Illinois net loss that is available for carryforward and that is the loss that will expire next.

Line 15 — In Column E, write the total amount of base income of your unitary business group from Column E, Line 10.

Line 16 — Write the amounts in Columns A through D of any loss that was incurred by the member of your group in the tax year on Line 14 that has not been used, and write the total amount in Column E.

Line 18 — Write the amount from Column E, Line 9. This is the amount of NLD you may carry before reaching the NLD limitation for this carry year.

Line 20 — If this line is zero you have used the maximum amount of NLD allowable this year and may use no more NLD this carry year. Complete the following lines as applicable.

Line 22 — If this line is zero do not complete Line 23 or Line 24.

Line 23 — In each Column A through D, write the amount from that column on Line 16, divided by the amount in Column E, Line 16. Carry to six decimal places. In Column E, write "1."

Line 24 — Write in Columns A through D, the amount in Column E of Line 22, multiplied by the percentage in Line 23 of the same column. The amount shown in each column is the Illinois net loss of the member that is available to carry to that member's Illinois income tax return for the next tax year.

Note — If you have more losses to deduct, and have not reached the NLD limitation for this carry year complete and attach another 2012 Schedule UB/NLD. Write the amount from Line 21 of this schedule on

the new Schedule UB/NLD, Step 2, Column E, Line 4. If you have no more losses to deduct or you have reached the NLD limitation for this carry year, go to Step 3.

Step 3: Figure your total deduction and taxable income

Line 25 — Write the amount from Step 2, Column E, Line 4 here and on your form IL-1120, Step 5, Line 35. If you used more than one Schedule UB/NLD, write the amount from the first page only. **Do not** add Line 4 of the multiple pages.

Line 26 — Add the amounts from Step 2, Column E, Lines 8 and 19 and write the total here and on your Form IL-1120, Step 5, Line 38. **This amount may not exceed \$100,000.** If you used more than one Schedule UB/NLD, add the amounts from each page, enter the total on Line 26 of the first Schedule UB/NLD, and complete Line 27 on the **first** Schedule UB/NLD **only**.

Line 27 — Subtract Line 26 from Line 25, and write the result here, and on your Form IL-1120, Step 5, Line 39. The amount on this line cannot be negative.

Discharge of Indebtedness Worksheet and Instructions

Complete a separate worksheet for this year and for each prior year ending on or after December 31, 2008, in which any member of your combined group was required to reduce its federal net operating loss carryovers as the result of discharge of indebtedness income exclusion and for which you did not complete a Schedule UB/NLD reducing your combined Illinois NLD.

- | | |
|--|----------------|
| 1 Write the amount of the reduction to your federal net operating losses that were carried over to the tax year of the discharge. See federal Form 982. | 1 _____ |
| 2 Multiply the amount on Line 1 by your income allocation ratio. | 2 _____ |
| 3 Write the total amount of Illinois net loss carryovers of all of your members from all loss years available to be carried to the taxable year of the discharge. | 3 _____ |
| 4 Write the lesser of Line 2 or Line 3. This is the amount of your loss carryover reduction. | 4 _____ |

Line 1 — Add the total amount of reductions to each member's federal net operating loss carryovers to the tax year of the debt cancellation. If you had discharge of indebtedness income exclusion for which federal net operating carryovers were reduced in more than one tax year, write the amount of the reduction for earliest debt cancellation year for which no Schedule UB/NLD reducing your Illinois NLDs has been filed.

Line 2 — Your income allocation ratio is calculated by dividing the amount of debt cancellation income excluded from your gross income that would have been allocated or apportioned to Illinois under the IITA if it was not excluded by the total amount of debt cancellation income excluded from your gross income. If all of your debt cancellation income would have been business income, use the apportionment factor you calculated on the return for the tax year of the debt cancellation.

Line 3 — Include the amount of any net loss of the member for a taxable year prior to the year of discharge that had not previously been carried back or forward and deducted. In determining this amount, if you had positive base income allocable to Illinois in the tax year of the debt cancellation, you may first use any NOL carryovers of the member available to be carried to that year as part of your Illinois NLD. Only the remaining unused loss carryovers to such year, if any, should be included on this line.

Line 4 — Add the total of the worksheet Line 4 amounts for all tax years for which you completed this worksheet. Write "IITA 207(c)" on Line 3, Column E, of a pro forma Schedule UB/NLD (revision date 12/11). Do not use this year's schedule (revision date 12/12) as it includes the \$100,000 NLD limitation and will not calculate your loss reduction correctly. Write the total amount from Line 4 of all completed worksheets on your pro forma Schedule UB/NLD, Line 4, and complete Lines 5 through 8, according to the instructions as if the amount on Line 4 were the Illinois net income before NLD for this year. If the amount on your pro forma Schedule UB/NLD, Line 4 exceeds the combined total on Line 5, Column E, write that excess on Line 6, Column E, and continue until all Illinois NLDs carried into this tax year have been eliminated or until the total of the worksheet Line 4 amounts has been used to reduce your Illinois NLDs carried into this tax year.

If you still have Illinois NLDs remaining after applying all the worksheet Line 4 amounts to your pro forma Schedule UB/NLD, you must complete a 2012 Schedule UB/NLD (revision date 12/12) in order to claim your losses. Attach your pro forma Schedule UB/NLD to the front of your 2012 Schedule UB/NLD, and write

- the amounts from your pro forma Schedule UB/NLD, Line 8 (or from the corresponding line for the last loss year being reduced) on your 2012 Schedule UB/NLD, Line 5, and
- the loss year for the earliest remaining loss from your pro forma Schedule UB/NLD, on your 2012 Schedule UB/NLD, Line 3, and
- your combined net income before Illinois NLD on Line 4 on your 2012 Schedule UB/NLD, and proceed following the instructions.

If all Illinois NLDs are eliminated by the discharge of indebtedness income, your Illinois NLD deduction for this tax year is zero.